

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STRE-00 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 PA-02 PRS-01 L-03 H-02 AGR-10 IO-10 /115 W

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R 312219Z OCT 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 1684

UNCLAS BOGOTA 10577

EO 11652: NA

TAGS: EFIN, CO

SUBJ: FINANCE MINISTER DISCUSSES ECONOMIC POLICY

1. MINISTER OF FINANCE RODRIGO BOTERO OUTLINED THE ADMINISTRATION'S ECONOMICS PHILOSOPHY IN A TALK OPENING THE NATIONAL BANKERS CONVENTION. THE MINISTER CONSIDERS NATIONAL ECONOMIC AUTONOMY AN EXTENSION OF NATIONAL SOVEREIGNTY. ONCE THE ADMINISTRATION'S SHORT-TERM STABILIZATION POLICIES HAD CREATED THE BASE FOR BALANCED SELF-SUSTAINING GROWTH, THE MINISTER SAID, COLOMBIA WOULD BE ABLE TO ASSURE NATIONAL ECONOMIC AUTONOMY. AUTONOMY MEANS FREEDOM IN ALL AREAS RELATED TO DEVELOPMENT, ESPECIALLY THOSE LINKED TO INTERNATIONAL "INTERDEPENDENCE" TOWARD THESE ENDS THE ADMINISTRATION HAD TAKEN MEASURES TO REDUCE DEPENDENCE UPON EXTERNAL FINANCIAL RESOURCES, PROMOTING DOMESTIC SAVINGS, AND SEEKING STABLE FOREIGN EXCHANGE EARNINGS IN ORDER TO ESTABLISH GREATER INDEPENDENCE FROM THE INTERNATIONAL LENDING INSTITUTIONS. SIMILARLY COLOMBIA'S COMMERCIAL POLICY WAS DESIGNED TO ACHIEVE GREATER INSULATION FROM THE INTERNATIONAL ECONOMY BY A GREATER DIVERSIFICATION OF MARKETS AND PRODUCTS. COLOMBIA HAD ALSO ESTABLISHED POLICIES TO ACHIEVE AUTONOMY IN FOOD AND ENERGY. MOREOVER, COLOMBIA'S POLICY

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TO STRENGTHEN THE ANDEAN PACT WAS TO CREATE AN

INSTITUTION WITH GREATER NEGOTIATING POWER WITH THIRD COUNTRIES. THE MINISTER SAID THE ADMINISTRATION WILL ALSO TAKE STEPS TO CREATE TECHNICAL AND INTELLECTUAL INDEPENDENCE BY ASSURING THAT INVESTMENT STUDIES ARE HEADED BY COLOMBIANS.

2. THE MINISTER POINTED TO THE SMALL ROLE FOREIGN INVESTMENT HAD PLAYED IN COLOMBIA'S DEVELOPMENT AND URGED THE ANDEAN COUNTRIES TO GIVE UNIFORM TREATMENT TO FOREIGN INVESTMENT IN ORDER TO OBTAIN MORE FAVORABLE CONDITIONS AND TO BETTER CONTROL THE MULTINATIONALS. COLOMBIA FOR ITS PART. WOULD TRY TO ASSURE THAT THE MEANS OF PRODUCTION WERE PREPONDERANTLY IN COLOMBIAN CONTROL. AND THOSE SECTORS, SUCH AS THE EXTRACTIVE INDUSTRIES, WHERE FOREIGN INVESTMENT WOULD BE NECESSARY, THERE WOULD BE ASSOCIATION CONTRACTS WITH OFFICIAL COLOMBIAN INSTITUTIONS.

3. TURNING TO THE GOVERNMENT'S FINANCIAL POLICY, THE MINISTER EXPLAINED THAT THE FINANCIAL REFORM WAS AIMED AT DEVELOPING THE WIDTH, DEPTH AND EFFICIENCY OF THE CAPITAL MARKET. THIS REQUIRES A STRENGTHENING OF FINANCIAL INTERMEDIARIES AND BECAUSE OF THE IMPORTANT ROLE THEY PLAY IN CAPTURING SAVINGS AND ALLOCATING PRODUCTION, IT WAS INDISPENSABLE THAT COLOMBIAN CAPITAL BE A MAJORITY IN THESE INSTITUTIONS.

4. COMMENT- THE SPEECH CONTAINED NO NEW DIRECTIONS BUT WAS A STATEMENT OF BOTERO'S VIEWS AND HIS VIEWS ARE PRESENT COLOMBIAN ECONOMIC POLICY. IT AGAIN POINTED TO THE CENTRAL ROLE WHICH BOTERO GIVES TO THE DEVELOPMENT OF AN EFFICIENT CAPITAL MARKET. IT IS AN EFFICIENT, MARKET RELATED, FINANCIAL SYSTEM THAT IS TO BE THE MOTOR OF COLOMBIA'S GROWTH IN BOTERO'S VIEWS AND IT IS THE IMPORTANCE WHICH HE GIVES TO THIS SECTOR WHICH BEST EXPLAINS WHY BANKS INSURANCE COMPANIES AND FINANCIAL INSTITUTIONS WERE SINGLED OUT FOR THE FIRST PHASE OF COLOMBIANIZATION. THAT COLOMBIANIZATION MOVED A STEP CLOSER TO REALITY THIS WEEK WHEN THE ADMINISTRATION'S BILL TO COLOMBIANIZE FOREIGN BANKS WAS REPORTED OUT OF COMMITTEE FAVORABLY. THE

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BILL'S FLOOR MANAGER SAID THE BILL SHOULD PASS WITHOUT DIFFICULTY.  
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## Message Attributes

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